

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 /043 W

-----090737Z 082574 /17

P 081530Z MAR 77

FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC PRIORITY 5632

INFO AMEMBASSY MANAMA PRIORITY

AMEMBASSY REYKJAVIK PRIORITY

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E. O. 11652: N/A

TAGS: EAIR, IC, BA, LU

SUBJECT: CIVAIR: ICELANDIC SERVICE TO BAHRAIN

REF: (A) LUXEMBOURG 0077; (B) MANAMA 242

1. ICELANDIC DIRECTOR EINAAR AAAKRAM TELEPHONED ECONOFF FROM BAHRAIN WHERE HE IS DISCUSSING AIRLINE'S REQUEST FOR NEW ROUTE. AAAKRAM ASSERTS THAT GOB CITED U.S.&. OPPOSITION TO ROUTE AS GROUNDS FOR EARLIER DISAPPROVAL. ICELANDIC'S POSITION IS THAT PAN AM AND TWA HAVE SINCE INAUGURATED US (NEW YORK)-BAHRAIN DIRECT OR THROUGH SERVICE AND THAT ITS PROPOSED ROUTE WOULD NOT CONFLICT WITH US CARRIER SERVICES (COMPANY INSISTS ON ICELAND/EUROPE-BAHRAIN NATURE OF PROPOSED ROUTE) NOR VIOLATE US-ICELANDIC AGREEMENTS. THUS ANY US OPPOSITION IS GROUNDLESS.

2. ICELANDIC HAS INFORMED GOL MINISTER OF TRANSPORT AND OF NATIONAL ECONOMY MART ABOUT STATE OF PLAY. MART'S FIRST OFFICIAL INTERVENTION WAS A SHORT, SIMPLE REQUEST TO GOB MINISTER OF DEVELOPMENT AND INDUSTRY YUSUF AL-SHIRAWI FOR ASSISTANCE TO ICELANDIC. HE RECEIVED A POLITE REPLY PROMISING TO CONSIDER THE MATTER. NOTE: (ICELANDIC AIRLINES LIMITED OFFICIAL USE

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ACCOUNTS FOR OVER HALF OF LUXEMBOURG'S AIRPORT PASSENGER MOVEMENTS.)

3. GOL POSITION: MART TELEPHONED ECONOFFICER MARCH TO EMPHASIZE GOL INTERESTS IN LUXEMBOURG-BAHRAIN SERVICE. HE SAID DURING FEBRUARY 1976 EURO-ARAB DIALOGUE MEETINGS IN LUXEMBOURG HE FIRST DISCUSSED POSSIBILITY OF AIR LINKS,

ORIGINALLY FOR CARGOLUX, AN ALL-FREIGHT CARRIER, AND THEN LATER FOR PASSENGER SERVICE BY ICELANDIC. MART VIEWS PASSENGER SERVICE IMPORTANT TO SUPPORT THE GROWTH AND POTENTIAL OF LUXEMBOURG'S INTERNATIONAL FINANCIAL CENTER BY LINKING IT DIRECTLY WITH BAHRAIN, A GULF/MIDDLE EASTERN FINANCIAL CENTER. (BANKING IS A MAJOR INDUSTRY AND TAXPAYER IN LUXEMBOURG.) MART FURTHER ARGUES THAT THE ICELANDIC SERVICE WOULD DRAW FROM A EUROPEAN MARKET AND, IN FACT, WOULD TAKE ITS PLACE AMONG SEVERAL SERVICES PRESENTLY OPERATING BETWEEN EUROPE AND BAHRAIN. MART SAID GOL WOULD VIEW VERY SERIOUSLY INTERFERENCE WITH THE PROSPECTS OF THIS SERVICE IF ALLEGATION IS TRUE. ECONOFFICER POINTED OUT THAT INTEREST OF US AUTHORITIES FOCUSED ON INITIAL ANNOUNCEMENT/ADVERTISING BY ICELANDIC OF INTENT OF CHICAGO-BAHRAIN SERVICE VIA ICELAND AND LUXEMBOURG. MART COMMENTED THAT IF TRUE THIS WAS CLUMSY AND WRONG OF ICELANDIC. NEVERTHELESS, THIS COULD BE CORRECTED AND SHOULD NOT JEOPARDIZE LEGITIMATE GOL INTEREST IN APPROVAL OF LUX-BAHRAIN ROUTE.

4. EMBASSY WOULD APPRECIATE GUIDANCE ASAP ON US POLICY AND ACTIONS ON THIS ISSUE TO REPORT TO GOL. AAKRAN REMAINING IN BAHRAIN SO HE CAN BE INFORMED BY EMBASSY MANAMA AND ICELANDIC HQ BY REYKJAVIK. GINN

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